

# MINNEAPOLIS CITY COUNCIL OFFICIAL PROCEEDINGS

## ADJOURNED SESSION OF THE REGULAR MEETING OF MAY 19, 2000, HELD

### JUNE 2, 2000

(Published June 10, 2000, in *Finance and Commerce*)

Council Chamber

Minneapolis, Minnesota

June 2, 2000 - 9:30 a.m.

The Council met pursuant to adjournment.

President Cherryhomes in the Chair.

Present - Council Members Johnson, Thurber, Ostrow, Campbell, Goodman, Mead, Lane,  
President Cherryhomes.

Absent - Herron, Biernat, Niland, Colvin Roy, McDonald.

#### UNFINISHED BUSINESS

**W&M/Budget** - Your Committee, to whom was referred an Ordinance amending Chapters 1 and 2 of Appendix H of the Minneapolis Code of Ordinances relating to the Minneapolis Cable Communication Franchises regarding the change of control of the franchisee and the acquisition of Time Warner, Inc., the parent of Time Warner Cable's corporate parent, TWI Cable, Inc. (formerly KBLCOM, Inc.), by AOL Time Warner, Inc., which gives rise to the proposed amendment, now recommends that said Ordinance be given its second reading for amendment and passage.

Your Committee further recommends summary publication of the above-described Ordinance.

Campbell moved that the report be amended by deleting the letters "KBLCOM" and inserting in lieu thereof the language "KBL Cablesystems of the Southwest". Seconded.

Adopted upon a voice vote.

Campbell moved to substitute a new ordinance for the above-mentioned ordinance. Seconded.

Adopted upon a voice vote.

The report, as amended, and the substituted ordinance were adopted.

Yeas, 7; Nays none.

Absent - Herron, Johnson, Biernat, Niland, Colvin Roy, McDonald.

Passed June 2, 2000.

Approved June 7, 2000. S. Sayles Belton, Mayor.

Attest: M. Keefe, City Clerk.

Ordinance 2000-Or-050, amending Chapters 1 and 2 of Appendix H of the Minneapolis Code of Ordinances relating to the Minneapolis Cable Communication Franchises regarding approval of the change of control of Time Warner Inc., parent company of Time Warner Cable, to AOL Time Warner, Inc., was passed June 2, 2000, by the City Council and approved on June 7, 2000 by the Mayor. A complete copy of this ordinance is available for public inspection in the office of the City Clerk.

The following is the complete text of the unpublished summarized ordinance.

**ORDINANCE 2000-Or-050**

**By Campbell**

**Amending Chapters 1 and 2 of Appendix H of the Minneapolis Code of Ordinances relating to the Minneapolis Cable Communication Franchises.**

Whereas, KBL Cablesystems of Minneapolis Limited Partnership, a Minnesota limited partnership ("KBLCMLP"), with KBL Cablesystems of Minneapolis, Inc. ("KBLCMI"), a Minnesota corporation, as its controlling general partner, (KBLCMLP and KBLCMI collectively referred to hereinafter as "Company") is the grantee of the Minneapolis Cable Communications Franchises; and

Whereas, Company does business as Time Warner Cable; and

Whereas, KBLCMI is wholly-owned by KLB Cablesystems of the Southwest, Inc. ("KBLSWI"), a Minnesota corporation, which in turn is wholly-owned by KBL Cable, Inc., a Delaware corporation ("KBL"), which in turn is wholly-owned by TW/KBLCOM Inc., a Delaware corporation ("TW/KBLCOM"), which in turn is wholly-owned by TWI Cable Inc., a Delaware corporation (TWIC); and

Whereas, TWIC is a wholly-owned subsidiary of Time Warner, Inc. (TWI), and TWI has entered into an Agreement and Plan of Merger dated January 10, 2000 ("Merger Agreement"), with AOL, Inc., a Delaware corporation (AOL), whereby all shares of TWI will, upon closing, be held by AOL Time Warner, Inc.; and

Whereas, upon closing, AOL Time Warner, Inc. will control TWI, KBLSWI, KBL, TW/KBLCOM, TWIC and Company; and

Whereas, under the Minneapolis Code of Ordinances, Appendix H, Chapters 1 and 2, Articles II, Sections 12 and Articles III, Sections 2, as well as relevant state and federal law, the City is entitled to review and approve Company's request for change of control or ownership; and

Whereas, on February 9, 2000, AOL filed an FCC Form 394 requesting consent of the City of Minneapolis to the change in control of the Company that will result from the Merger Agreement; and

Whereas, the City made a request for additional information from Time Warner Cable in a letter dated March 1, 2000; and

Whereas, Time Warner Cable sent additional information to the City in two separate letters, dated April 14, 2000, and April 16, 2000; and

Whereas, the City reviewed and relied upon all data sent to the City by TWI or its subsidiaries in exercising its regulatory authority to either approve or deny the requested change in control; and

Whereas, the City obtained the services of professional consultants to aid in the City's financial and technical review of requested change in control; and

Whereas, the City's financial consultant, Lawrence G. Greenberg, and the City's technical consultant, Columbia Telecommunications Corporation, reviewed the financial capabilities of Time Warner, Inc. and AOL, Inc., and the technical capabilities of Time Warner Cable and filed reports dated May 1, 2000, and May 8, 2000, respectively; and

Whereas, the City's Cable Officer conducted a review of TWI's and AOL's legal, technical and financial status and submitted its report to the City in a letter dated May 15, 2000; and

Whereas, the City conducted public hearings relative to the change in control on May 15, 2000; and

Whereas, the City, having considered the transaction whereby AOL proposes to merge with TWI and acquire the control of TWIC and its subsidiaries, and has reviewed AOL, Time Warner, Inc.'s technical ability, financial condition, character and legal qualifications; and

Whereas, the City's retained consultants and Cable Officer have found no reason to disapprove of the acquisition of control of TWI's interest by AOL, Time Warner, Inc.; and

Whereas, the City relied upon all written offers, representations, promises, inducements and documentation offered by Company and its parent corporations in granting the requested change in control; and

Whereas, the City finds that the requested change in control from TWI to AOL, Time Warner Inc. should be approved;

Now, Therefore, the City Council of The City of Minneapolis do ordain as follows:

Section 1. That Articles I, Sections 2 (h) of the Minneapolis Code of Ordinances, Appendix H, Chapters 1 and 2, be amended to read as follows:

(h) ~~Company is KBL Cablesystems of Minneapolis Limited Partnership, a Minnesota limited partnership, (KBLCMPLP) with KBL Cablesystems of Minneapolis, Inc. (KBLCMI), a Minnesota corporation, as its controlling general partner, the grantee of rights under this ordinance awarding a franchise, or Company's legal successor, transferee, or assignee. KBLCMPLP and KBLCMI d/b/a Paragon Cable. KBLCMI is wholly-owned by KBL Cablesystems of the Southwest, Inc., a Minnesota Corporation, which in turn is wholly-owned by KBL Cable, Inc., a Delaware corporation (KBL), which in turn is wholly-owned by KBLCOM Incorporated, a Delaware Corporation (KBLCOM), which in turn is wholly-owned by Time Warner, Inc., a Delaware Corporation.~~

~~Company, as defined herein, is a successor in interest to the rights held by those legal entities designated as "company" in previous enactments of this definition.~~

Company is KBL Cablesystems of Minneapolis Limited Partnership, a Minnesota limited partnership ("KBLCMPLP") with KBL Cablesystems of Minneapolis, Inc. ("KBLCMI"), a Minnesota corporation, as its controlling general partner, the grantee of rights under this ordinance awarding a franchise, or Company's legal successor, transferee, or assignee, KBLCMPLP and KBLCMI doing business as Time Warner Cable. KBLCMI is wholly-owned by KBL Cablesystems of the Southwest, Inc., a Minnesota corporation (KBLSWI), which in turn is wholly-owned by KBL Cable, Inc., a Delaware corporation (KBL), which in turn is wholly-owned by TW/KBLCOM Inc., a Delaware corporation ("TWKBLCOM Inc., formerly known as TWI Cable Inc., formerly known as KBLCOM Incorporated"), which in turn is wholly-owned by TWI Cable Inc, a Delaware corporation (TWIC), which in turn is wholly-owned by Time Warner, Inc., a Delaware corporation (TWI), which in turn, following close of the pending merger, will be wholly-owned by AOL, Time Warner, Inc., a Delaware Corporation (AOL/TW).

Company, as defined herein, is a successor in interest to the rights held by those legal entities designated as "Company" in the previous enactment of this definition.

Section 2. **Effective Date.** This ordinance shall be in full force and effect upon its enactment and publication, provided, however, that enactment of this ordinance is subject to and conditioned upon full completion of all of the following terms and conditions, as follows:

- 1) Company, KBLSWI, KBL and KBLCOM shall sign an "Acceptance of 2000-Or-050".
- 2) The Acceptance shall be prepared and approved by the City Attorney.
- 3) Company shall secure all necessary regulatory approvals from the federal government required in conjunction with this transaction and shall furnish copies of said approvals, certified by an officer of the Company, to the City's Cable Officer.
- 4) AOL Time Warner, Inc. will execute a "Keep Well" agreement that is described more fully in the Acceptance of 2000-Or-050.
- 5) Time Warner Cable will reimburse the City in the sum of fifteen thousand dollars (\$15,000.00) to partially defray the City's costs incurred in its review of the FCC Form 394 application.
- 6) This amendment shall be null and void and shall have no legal effect unless an Acceptance is signed by Company, KBLSWI, KBL, TW/KBLCOM and TWIC, within three hundred sixty-five (365) days after publication of the ordinance.

Adopted. Yeas, 7; Nays none.

Absent - Herron, Johnson, Biernat, Niland, Colvin Roy, McDonald.

Passed June 2, 2000. J. Cherryhomes, President of Council

Approved June 7, 2000. S. Sayles Belton, Mayor.

Attest: M. Keefe, City Clerk.

Campbell moved that the meeting be closed for the purpose of considering three lawsuits and that the meeting be continued in Room 315 City Hall. Seconded.

Adopted upon a voice vote.

Room 315 City Hall  
Minneapolis, Minnesota  
June 2, 2000 - 9:40 a.m.

President Cherryhomes in the Chair.

Present - Council Members Johnson, Thurber, Ostrow, Campbell, Goodman, Mead, Lane,  
President Cherryhomes.

Absent - Herron, Biernat, Niland, Colvin Roy, McDonald.

Also present: Jay Heffern, City Attorney; Mike Norton, Deputy City Attorney; Peter Ginder (Out at 11:06) and James Cunningham (Out at 10:42), Assistant City Attorneys; Robert Olson, Police Chief (Out at 11:06); Andrew Parker, Smith, Parker Law Firm representing the City (In at 11:06); Jim Moncur, Director, Licensing Department; Pierre Willette, Mayor's Office (Out at 9:45); Colleen Moriarty, Mayor's Office (In at 9:45); Merry Keefe, City Clerk; and Jan Hrnecir, Clerk's office.

b) *Steven Sizer and Carmelo Morcilio vs. City of Minneapolis*. This lawsuit was discussed from 9:40 to 9:45 a.m.

a) *Alisa R. Clemens vs. City of Minneapolis, et al*: This lawsuit was discussed from 9:45 to 11:06 a.m.

c) *Monica Fourre vs. City of Minneapolis*: This lawsuit was discussed from 11:06 to 11:25 a.m.

Campbell moved to open the meeting for the purpose of taking action on Items b) and c) above and that the meeting be continued in the Council Chamber. Seconded.

Adopted upon a voice vote.

Council Chamber  
Minneapolis, Minnesota  
June 2, 2000 - 11:25 a.m.

President Cherryhomes in the Chair.

Present - Council Members Johnson, Thurber, Ostrow, Campbell, Goodman, Mead, Lane,  
President Cherryhomes.

Absent - Herron, Biernat, Niland, Colvin Roy, McDonald.

### MOTIONS

Campbell moved that the City Attorney be directed to settle the lawsuit entitled *Steven Sizer and Carmelo Morcilio vs. City of Minneapolis*, Court file 00-5012, and take such other actions as are necessary to effectuate such settlement; and, further, authorize payment of the settlement amount of \$9,000.00 from Fund/Org 690 150 1500 8150. Seconded.

Adopted. Yeas, 8; Nays none.

Absent - Herron, Biernat, Niland, Colvin Roy, McDonald.

Passed June 2, 2000.

Approved June 7, 2000. S. Sayles Belton, Mayor.

Attest: M. Keefe, City Clerk.

Campbell moved that the City Attorney be directed to settle the lawsuit entitled *Monica Fourre vs. City of Minneapolis*, Court file EM 99-1710, and take such other actions as are necessary to effectuate such settlement; and, further, authorize payment of the settlement amount of \$57,000.00 from Fund/Org 690 150 1500 8350. Seconded.

Adopted. Yeas, 8; Nays none.

Absent - Herron, Biernat, Niland, Colvin Roy, McDonald.

Passed June 2, 2000.

Approved June 7, 2000. S. Sayles Belton, Mayor.

Attest: M. Keefe, City Clerk.

**JUNE 2, 2000**

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The meeting was adjourned to Monday, June 5, 2000, at 9:30 a.m. in Room 317 City Hall, for an adjourned City Council Session to consider Block E, and to conduct any other business deemed necessary at that time.

MERRY KEEFE,  
City Clerk.

Created 6/6/2000; Modified 6/8/2000